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July 10, 1996

Colleen T. Sealander, Esq.  
Central Enforcement Docket  
Federal Election Commission  
999 E Street, NW  
Washington, DC 20463

Re: MUR 4389

Dear Ms. Sealander:

I am writing to you on behalf of the Orange County Democratic Central Committee ("Committee") and its former treasurer, David Levy, in response to the notification received from the Commission regarding a complaint filed by Michael J. Schroeder naming the Committee and assigned the above MUR number. As I explained to you over the telephone this morning, due to our conflicting vacation schedules, I have not been able to obtain the signature of Mr. Levy on the Designation of Counsel form (a copy of which I am submitting for your records in any event), but I have been authorized by the Committee to represent it in responding to Mr. Schroeder's complaint.

As you are also aware, on May 15, 1996, I wrote to the Commission on the Committee's behalf (a copy of that letter is enclosed for your convenience), providing the Commission with the information that the Committee had gathered regarding the same events that form the basis for Mr. Schroeder's recent complaint. As the facts set forth in greater detail in that letter should make clear, there is no basis for any action to be taken against the Committee or Mr. Levy, as its treasurer, in connection with this matter. Simply put, the Committee had no knowledge of or involvement in the unauthorized use of its name by Mr. Toledano; indeed, the Committee is an unwitting "victim" in this matter, having been forced to expend considerable funds from its limited resources to investigate and, now, to defend against the unsupported allegations that have been made against it.

It is noteworthy that Mr. Schroeder's complaint is filed only on information and belief and is based entirely upon an article appearing in the *Los Angeles Times*, which he attaches to his complaint. That very article, however, confirms that the conduct complained of was undertaken unilaterally by Mr. Toledano and was, by Mr. Toledano's own admission, taken without consulting with or obtaining the approval of the Committee or its treasurer. Indeed, the article, as well as the letters sent to the Commission by Mr. Levy and the Committee immediately upon

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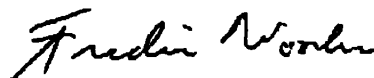
Ms. Colleen Sealander, Esq.  
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learning of Mr. Toledano's apparent actions, indicate that the Committee would not have permitted those actions to be taken in its name had it known anything about them.

In short, whatever occurred here, the Committee and Mr. Levy were not involved, and they consequently cannot be held responsible or liable under the Act for any of the alleged violations referred to in Mr. Schroeder's complaint.

The Committee and Mr. Levy stand ready to cooperate fully with the Commission in investigating this matter further, should that be necessary, and to provide the Commission with any additional information that may be helpful in expeditiously resolving this complaint insofar as they are concerned. Please feel free to contact me if I can be of any further assistance.

Sincerely yours,



Fredric D. Woocher

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May 15, 1996

Federal Election Commission  
Administrative Division  
999 "E" Street, NW  
Washington, DC 20463

Re: Unregistered Conduit Report

To Whom It May Concern:

I am writing on behalf of the Orange County Democratic Party and Central Committee (the "Party") to provide the Commission, in accordance with Title 11, Code of Federal Regulations, Part 110.6(c)(1)(ii), with information that has come to the attention of the Party regarding a contribution to the Prince for Congress campaign (CA 46th CD) in which an individual associated with the Party has apparently served as a conduit. Although the Party is not aware of all of the circumstances surrounding this contribution and its investigation into this matter is still ongoing, the Party wishes to share with the Commission the information it has been able to gather at this time.

Jim Prince was a candidate for the Democratic Party nomination to the 46th Congressional District in California at the primary election held on March 26, 1996. (Mr. Prince was unsuccessful in that primary election, which was won by candidate Loretta Sanchez.) Shortly before the election, a mailer was distributed to voters of the 46th CD, allegedly under the auspices of the County Democratic Party, informing them that the State Democratic Party had endorsed candidate Prince (as well as another identified candidate for state assembly in an overlapping district) and urging them to vote on Election Day. Neither the Party's treasurer nor its Executive Committee had authorized any mailing or expenditure of funds for such purpose, so -- shortly after the election -- the Executive Committee met and retained our firm to investigate the matter and provide advice regarding the appropriate action to take depending upon the results of that investigation.

Although, as mentioned above, our investigation is not complete and some of the information we have received to date is conflicting, the Party has learned enough about the circumstances surrounding the mailer to provide the Commission with the following information: The mailer was produced and paid for by James Toledano, using \$10,000 received in a check from Paul W. LaPrade, who we understand is a doctor, employed by Southwestern

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Neurosurgery, with a mailing address of Paradise Valley, Arizona 85253. Based on the totality of circumstances, it is our conclusion that the contribution should most appropriately be characterized as an in-kind contribution of \$10,000 from Dr. LaPrade to the Prince for Congress campaign committee, with James Toledano as the conduit or intermediary. Mr. Toledano is an attorney at the law firm of Toledano & Wald, with a mailing address of 18201 Von Karman Avenue, Suite 1000, Irvine, California 92715. We are uncertain of the exact date the contribution was received, but are aware that it was in Mr. Toledano's possession as of March 6, 1996.

Mr. Toledano deposited the check from Dr. LaPrade in a new bank account he opened in the name of the Democratic Party of Orange County and then used those funds to make payments to the Postal Service, a mailing house, and a printer in order to distribute the mailer. Mr. Toledano serves as the Chair of the County Party and was apparently able to open the new account in the Party's name because the Party had an existing account at that same bank. Bank records show the account being opened as of March 7, 1996. To our knowledge, Mr. Toledano is the only signatory to the new account he opened.

We have learned that the Prince for Congress campaign committee (FEC I.D. No. C00303990), in its April 15, 1996, Quarterly Report, reported the LaPrade contribution as having been conveyed to the Prince Committee through the Orange County Democratic Party as an intermediary. As explained above, this information is not correct, and by copy of this letter, we are so informing the Prince Committee and its past Treasurer, Kinde Durkee, of that error. Our investigation of this matter has determined that the actions described above were taken by Mr. Toledano, acting on his own, without the Party's knowledge and without its authorization.

In contravention of the Party's by-laws, Mr. Toledano did not inform or consult with the Executive Committee or any of its members either before or after the bank account was opened and the mailer was distributed, nor did Mr. Toledano ever request authorization from the Executive Committee or the Treasurer to receive or expend funds on the Party's behalf. The County Party had no intention of making contributions to or expenditures on behalf of any candidates in the March 26, 1996, primary election and had not even established a registered political committee for the purpose of participating in federal election campaigns. As reflected in correspondence of March 26, 1996, from Mr. David Levy to Mr. Lawrence Noble of the Federal Election Commission, the County Party's Treasurer was not aware of Mr. Toledano's activities, and Mr. Toledano had no authority to open up a bank

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account in the Party's name. In short, Mr. Toledano acted solely on his own in serving as the intermediary for this contribution and in arranging for the distribution of the mailer. No one else associated with the Party had any knowledge or involvement in these events, and upon learning of Mr. Toledano's actions after the fact, the Party's Executive Committee unanimously agreed that Mr. Toledano had neither explicit nor implicit authority to act as he did in the name of the Party.

We will attempt to keep you informed of any additional information that may come to our attention in connection with this matter. In the meantime, please feel free to contact me should you have any questions.

Sincerely yours,



Fredric D. Woocher

cc: James Toledano  
Prince for Congress Committee  
Kinde Durkee

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**NAME OF COUNSEL:** Fredric D. Woocher

**FIRM:** Strumwasser & Woocher

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**FAX:(310) 319-0156**

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

**Signature**

**RESPONDENT'S NAME:** Orange County Democratic Central Committee

**ADDRESS:** 777 S. Main Street, Ste. 156

Orange, CA 92668

**TELEPHONE: HOME( )**

**BUSINESS( 714 ) 835-5158**